

VANTAGE PRIVATE EQUITY GROWTH 3



QUARTERLY INVESTOR REPORT
31 DECEMBER 2024

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EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Growth 3 (VPEG3) quarterly investor report for the period ending 31 December 2024.

The December quarter proved to be a highly active period for the lower to mid-market segment, with strong deal flow from both financial sponsors and strategic buyers seeking opportunities in resilient, high-growth sectors across Australia and New Zealand.

VPEG3 has successfully progressed through its harvest period and is further entering its divestment phase, having now exited 14 portfolio companies to date. Vantage's managers are increasingly seeking to capitalise on the strong market activity and position their portfolio companies for sale. In turn, this should see further exits across VPEG3's portfolio through 2025.

PORTFOLIO HIGHLIGHTS

During the December quarter, **Odyssey Private Equity Fund 8** announced the sale of **Delta Agribusiness to Elders Limited (ASX: ELD)**, for a media reported \$475 million. In addition, **Advent Partners 2 Fund** completed the exit of **Flintfox to Enable Global Inc. ("Enable")**, for a media reported +\$150 million. Finally, **Next Capital Fund IV** sold the remaining value of **Inter Healthcare** to a combination of Healthia and Abundant Health.

Consistent with prior quarters, and reflective of VPEG3 being in its divestment phase, there were no new investments during the quarter. Managers continue to execute on their value creation plans through pursuing strategic M&A. This saw two portfolio companies complete bolt-on acquisitions in the quarter, with Next Capital Fund IV portfolio company Silverchef acquiring Accurate, and Imaging Associates Group, an Advent Partners 2 Fund portfolio company, acquire Balaclava Radiology.

In addition to the exits mentioned above, the December quarter also saw the completion of the previously announced sale of **Compass Education** by **Advent Partners 2 Fund**. In February 2025, **Advent Partners 2 Fund** also finalised another successful exit with the sale of portfolio company **Medtech**.

This, alongside several dividends received from various other portfolio companies in VPEG3, means that the Fund will pay a distribution to all VPEG3 investors totalling **c.\$0.21 per dollar of committed capital** in March 2025.

As a result of this distribution, VPEG3's consolidated **Distribution to Paid-In (DPI)** multiple will increase to **c.0.6x** as at March 2025.

VPEG3 FUND ACTIVITY

During the quarter, capital calls totalling \$136,013 were paid by VPEG3 to Allegro Fund III, Advent Partners 2 Fund and Odyssey Private Equity Fund 8.

The capital was predominately called by Allegro Fund III to fund further investment into Perth Radiological Clinic (PRC). The remainder of the capital called was required for the management fees and working capital requirements of these funds across the period. No additional capital calls were issued by VPEG3 to investors, as VPEG3 has already called 100% of investors committed capital.

During the period, VPEG3 received distributions totalling \$1,924,129 from Advent Partners 2 Fund, Allegro Fund III, Mercury Capital Fund 3 and Odyssey Private Equity Fund 8.

The distributions primarily were a result of proceeds received from the completed sale of Flintfox by Advent Partners 2. The remainder of distributions received where from dividends paid due to strong operating performance from Allegro Fund III's Perth Radiological Clinics and Odyssey Fund 8 portfolio company Delta Agribusiness.

No distribution was made by VPEG3 to investors during the quarter. As a result, VPEG3's consolidated **Distribution to Paid-In (DPI)** stands at **0.4x** at period end.

This strong operating performance across VPEG3's portfolio has seen a solid uplift in the fund's valuation, with VPEG3's **Net Asset Value (NAV)** increasing 5.4% to \$1.445 per dollar of committed capital during the quarter.



EXECUTIVE SUMMARY

Given this increase in NAV, VPEG3's **Total Value to Paid In (TVPI) multiple** increased to **1.9x at 31 December 2024**, representing a **net annualised return of 14.6% p.a.** for investors, since VPEG3's Final Close in January 2019.

FIRST VPEG6 PORTFOLIO COMPANY INVESTMENT

During the December 2024 quarter, VPEG6 achieved a significant milestone with the Fund's first portfolio company acquisition, of **Pacific Smiles Group Limited** (ASX:PSQ), the second largest dental platform in Australia, by **Genesis Capital Fund II** (GC Fund II).

The acquisition of Pacific Smiles marks an exciting period for VPEG6, commencing the underlying portfolio company activity within the Fund. Other private equity managers within the VPEG6 portfolio are also engaged in advanced due diligence on potential investment opportunities. The execution of these opportunities would see VPEG6's underlying company portfolio grow across Q3 & Q4 FY25.

VPEG6 AND VANTAGE - YEAR IN REVIEW

Upon the closing of VPEG6's inaugural calendar year, the Vantage team is pleased to reflect upon the journey of VPEG6 to date. The 2024 calendar year saw the launch and first close of VPEG6, the successful investment of three primary capital commitments to leading Australian and New Zealand (ANZ) private equity managers, and the Fund's first portfolio company investment.

Across all the Vantage Private Equity Growth (VPEG) funds during calendar year 2024, 13 companies were sold from the VPEG funds, delivering a gross 3.0x Multiple of Invested Capital (MOIC) and an average annualised return of 34.3% p.a.

On the investment front, 18 new company investments were completed by the VPEG funds, representing a combined Enterprise Value of over \$3.5 billion.

During the December 2024 quarter, there were five new investments added to the portfolio and six exits across Vantage's flagship private equity funds. This reinforces the strength of Vantage's focus on the lower to mid-market segment of Private Equity across ANZ.

Vantage has strategically targeted this compelling area of the market, which has the largest opportunity set of private companies in Australia, and the lowest-level of competition amongst private equity managers.

VPEG6 REMAINS OPEN FOR INVESTMENT

VPEG6 will remain open for investment until either the Fund's target size of \$250 million is reached, or the second anniversary of the First Closing Date. If you wish to learn more on VPEG6 or would like to make an application, please contact Vantage's Investor Services Team via email at info@vantageasset.com or call 02 9067 3133.

An application can be made by contacting your Wealth Adviser or through VPEG6's Online Application form by copying the following link into your web browser; <https://apply.automic.com.au/VPEG6>

2024 ANNUAL GENERAL MEETING

On 28th November, Vantage held its VPEG Funds 2024 Annual General Meeting (AGM) at the Sofitel Wentworth, Sydney. Reflecting the exceptional growth of Vantage of recent times, the AGM represented the first time in over a decade that Vantage hosted its AGM as an in-person event, whilst also being accessible via webinar.

The AGM presented the opportunity to demonstrate the strong performance and achievements of the VPEG Funds across the 2024 financial year. We look forward to seeing Vantage's esteemed investors and advisers at the 2025 AGM, with details to be provided in due course.

VANTAGE 20-YEAR ANNIVERSARY

During December, Vantage celebrated its 20-year anniversary on Sydney Harbour, with the Vantage team celebrating with a number of prominent and long-time investors, advisers and private equity fund managers. The event was an extraordinary reminder of the trust and collaboration that have been fundamental to the Vantage journey, and the partnerships that continue to shape Vantage's future.



EXECUTIVE SUMMARY

VANTAGE TEAM STRATEGY OFFSITE

Capping off an active quarter for Vantage, the firm held its 2024 Strategy Offsite in the Hunter Valley, allowing the team to align on Vantage's vision and plans for 2025 and beyond. This provided an invaluable opportunity to strengthen the team's focus on delivering exceptional value to Vantage's investors and continue to build relationships with Vantage's private equity managers, whilst ensuring the firm remains agile and responsive in an ever-evolving private equity market.

PERFORMANCE



PERFORMANCE

QUARTER ENDING	31 DECEMBER 2024
FINAL CLOSE	JANUARY 2019
STRATEGY	PRIVATE EQUITY FUND OF FUNDS
COMMITTED CAPITAL	\$50.70 MILLION
PAID CAPITAL ¹	\$50.70 MILLION
VPEG3, LP PER \$ OF COMMITTED CAPITAL PAID	\$0.75
VPEG3A PER \$ OF COMMITTED CAPITAL PAID	\$0.25
NET ASSET VALUE (NAV) - PER \$ OF COMMITTED CAPITAL	\$1.445
DISTRIBUTIONS TO PAID IN (DPI) MULTIPLE	0.4x
TOTAL VALUE TO PAID IN (TVPI) MULTIPLE	1.9x
NET ANNUALISED RETURN	14.6%
PORTFOLIO	
TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY	\$67.55 MILLION
NO. OF PRIMARY COMMITMENTS	7
NO. OF CO-INVESTMENTS	2
NO. OF PORTFOLIO COMPANIES	50
NO. OF EXITS ²	14
NO. OF REMAINING PORTFOLIO COMPANIES	36

1. Paid capital by all investors VPEG3, LP & VPEG3A, except SIV investors

2. Includes both completed and announced exits at reporting period



PRIVATE EQUITY PORTFOLIO





PRIVATE EQUITY PORTFOLIO

VPEG3 PRIVATE EQUITY PORTFOLIO

PRIVATE EQUITY FUND NAME	FUND / DEAL SIZE (\$M)	VINTAGE	INVESTMENT STRATEGY	COMMITMENT (\$M)	CAPITAL DRAWN (\$M)	PORTFOLIO COMPANIES	EXITS ³
ADAMANTEM CAPITAL FUND I	\$591	2017	EXPANSION / BUYOUT	\$10.0	\$8.46	6	1
ODYSSEY PRIVATE EQUITY FUND 8	\$275	2017	EXPANSION / BUYOUT	\$7.0	\$6.41	6	2
ADVENT PARTNERS 2 FUND	\$300	2017	EXPANSION / BUYOUT	\$10.0	\$9.14	7	3
ALLEGRO FUND III	\$290	2017	BUYOUT	\$12.0	\$8.85	7	3
ANCHORAGE CAPITAL PARTNERS FUND III	\$350	2017	EXPANSION / BUYOUT	\$10.0	\$9.87	5	2
MERCURY FUND 3	\$600	2019	EXPANSION / BUYOUT	\$7.5	\$7.05	10	1
NEXT CAPITAL FUND IV	\$275	2019	EXPANSION / BUYOUT	\$10.0	\$7.05	7	1
CO-INVEST NO.1 FITZPATRICK FINANCIAL GROUP	\$200	2017	EXPANSION	\$0.25	\$0.30	1	-
CO-INVEST NO.2 TRIBE BREWING	\$30	2018	EXPANSION	\$0.80	\$0.72	1	1
TOTAL				\$67.55	\$57.84	50	14

3. Exit count includes both completed and announced exits at reporting period end



PRIVATE EQUITY PORTFOLIO

TOP 10 HOLDINGS ACROSS THE PORTFOLIO

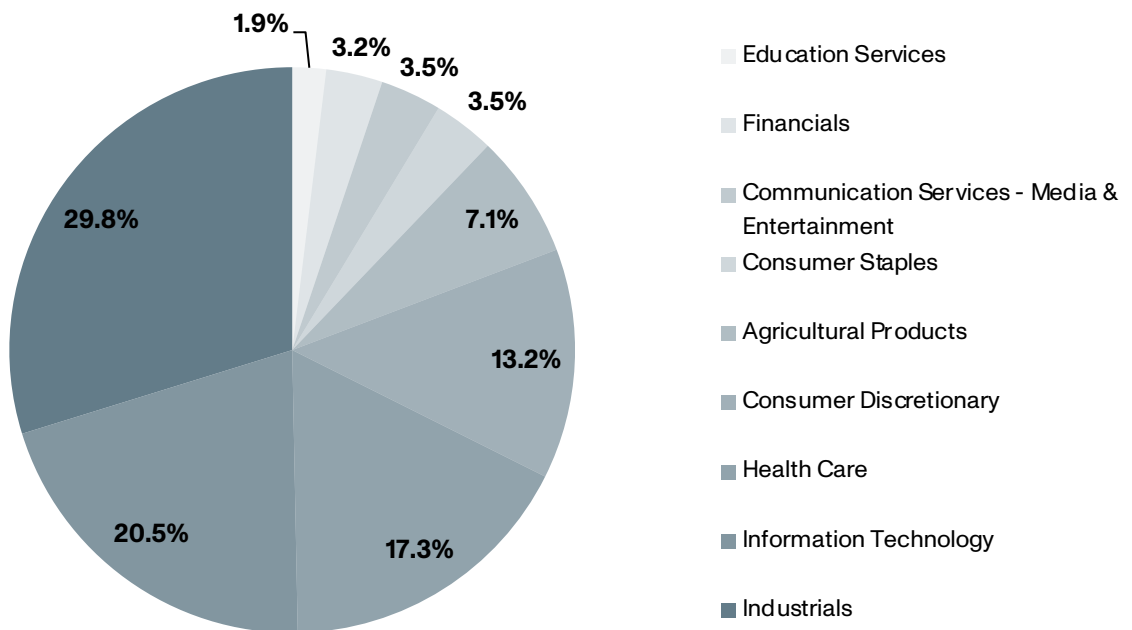
	PORTFOLIO COMPANY	FUND	DESCRIPTION	% SHARE	CUMULATIVE
1	GBST WEALTH MANAGEMENT	ANCHORAGE CAPITAL PARTNERS FUND III	FINANCIAL SERVICES TECHNOLOGY PROVIDER TO GLOBAL WEALTH MARKET	9.5%	9.5%
2	COMPASS EDUCATION ⁴	ADVENT PARTNERS 2 FUND	STUDENT INFORMATION SYSTEM SOFTWARE / SERVICES PROVIDER	8.4%	17.9%
3	QUESTAS GROUP	ALLEGRO FUND III	NETWORK OF NICHE INDUSTRIAL BUSINESSES ACROSS AUSTRALIA	7.4%	25.3%
4	PERTH RADIOLOGICAL CLINICS	ALLEGRO FUND III	WESTERN AUSTRALIA'S LARGEST MEDICAL DIAGNOSTIC IMAGING PROVIDER	5.1%	30.4%
5	MEDTECH	ADVENT PARTNERS 2 FUND	PROVIDER OF PRACTICE MANAGEMENT SOFTWARE	4.7%	35.1%
6	DELTA AGRIBUSINESS ⁴	ODYSSEY PRIVATE EQUITY FUND 8	PROVIDES AGRICULTURAL PRODUCTS AND INDEPENDENT RURAL SERVICES	3.8%	38.9%
7	TEAM GLOBAL EXPRESS	ALLEGRO FUND III	TRANSPORTATION AND LOGISTICS COMPANY	3.7%	42.6%
8	IMAGING ASSOCIATES GROUP	ADVENT PARTNERS 2 FUND	DIAGNOSTIC IMAGING SERVICE PROVIDER	3.7%	46.3%
9	HELLERS	ADAMANTEM CAPITAL FUND 1	PRODUCER OF PROCESSED MEATS IN NEW ZEALAND	3.5%	49.8%
10	FOOD ODYSSEY (SUSHI SUSHI)	ODYSSEY PRIVATE EQUITY FUND 8	FOOD RETAILING - SUSHI	3.3%	53.1%

4. As the divestment of portfolio companies Compass Education and Delta Agribusiness had been announced but not completed at 31 December 2024, VPEG3 maintained exposure to each asset at period end, and thus each investment is reflected in the top 10 holding count.



PRIVATE EQUITY PORTFOLIO

INDUSTRY DIVERSIFICATION OF PORTFOLIO



As at 31 December 2024. Key is in ascending order.

PORTFOLIO ACTIVITY





PORTFOLIO ACTIVITY

The December quarter saw strong levels of activity in the lower to mid-market private equity segment. Investor appetite remained robust, with strategic acquirers and financial sponsors actively pursuing opportunities in resilient, high-growth sectors across Australia and New Zealand.

This led to the announced sale of portfolio company **Delta Agribusiness**, as well as the completed sale of **Flintfox** during the period. Further details of these exits are provided below;



During November 2024, **Odyssey Private Equity Fund 8** announced the sale of **Delta Agribusiness** to **Elders Limited (ASX: ELD)**, for a media reported \$475 million. Elders is an Australian agribusiness that provides agriculture goods and services to primary producers in Australia.

Odyssey Private Equity acquired Delta in April 2019 seeing an opportunity to build a leading independent agribusiness, diversified by region and services, and consolidate a fragmented industry.

Across Odyssey's investment, management successfully grew the business through a greenfield and brownfield expansion strategy, targeting key farming regions in Australia to build scale and diversify climate risk, as well as launching its own private label product offering.

Odyssey also successfully executed a number of accretive bolt-on acquisitions. This included NWAG in Victoria (2019), Aglink and Acquire Rural Holdings (DGA) in Western Australia (2021), and Cox Rural in South Australia (2022).

Management successfully transformed Delta into Australia's leading provider of rural products and advisory services operating a network of 68 locations with ~40 independent wholesale customers.

Upon completion of the sale which is expected in Q1 CY25 (post Australian Competition and Consumer Commission approval), the exit will deliver Odyssey Fund 8 and its investors, including VPEG3 a significant return on investment across a 5.5 year hold period.

Flintfox

During December 2024, **Advent Partners 2 Fund** completed the exit of **Flintfox** to **Enable Global Inc.** ("Enable"), for a media reported +\$150 million. Enable is a provider of rebate and incentive management software located in San Francisco.

Advent invested in Flintfox in June 2020 with the vision of scaling the business globally. At the time of investment, key priorities included strengthening the executive team, enhancing the global brand profile, expanding connectivity with ERP vendors, and refining the go-to-market strategy.

Over the course of Advents ownership, management executed a focused go-to-market strategy while transitioning to a new C-suite leadership team. The company also enhanced its brand profile through thought leadership, industry events, and a comprehensive brand refresh. To expand its total addressable market, Flintfox developed integrations with the SAP ecosystem, unlocking access to SAP's enterprise customer base. In April 2023, management sold its North American systems integration business, Flintech, to focus specifically on its core software offering.

Advent successfully transformed Flintfox into the leading provider of intelligent pricing solutions and services for large enterprise customers around the globe.

The exit delivered Advent Partners 2 Fund and its investors, including VPEG3, with a strong return on investment across a 4.5 year hold period.



Finally, VPEG3 investee **Next Capital Fund IV** exited its holding in **Inter Healthcare** through a sale to Healthia and Abundant Health. Having explored a range of options, Next Capital concluded it would be in investors' best interest to exit the business at a nominal value. Whilst this was a disappointing result, the business had been experiencing headwinds for a while and was held at a nominal value. As such, the exit had no further impact on VPEG3's NAV and will have a minimal impact on returns given the investment accounted for only 1.5% of the Fund's total committed capital, reinforcing the benefits of a diversified fund-of-funds approach to investing in private equity.



PORTFOLIO ACTIVITY



Following the December quarter end, **Advent Partners 2** management also completed the sale of underlying portfolio company **Medtech** to **Banyan Software**, a global acquirer of enterprise software businesses.

Advent acquired Medtech in June 2020 with a vision of establishing an Australian and New Zealand leader in practice management software for General Practice (GP), specialist and allied health practice sector.

Across Advent's ownership, management executed on a number of initiatives, which included:

- Doubling earnings through focused investment in a go-to-market strategy and disciplined cost management initiatives;
- Built out the executive team with the appointment of a new CFO, Chief Information Officer, General Manager People & Culture, and General Manager of Integration and Infrastructure;
- Expanded the total addressable market and growth runway by launching an integrated payments solution and an integration layer to monetise third-party integrations;
- Migrated practices to Medtech's flagship Evolution product from the legacy Medtech32 product; and
- Significantly improved the employee Net Promoter Score

This exit marks the third highly successful exit from Advent Partners 2 within the last six months. These exits, in addition to the sale of Delta Agribusiness and Inter Healthcare **takes the total number of exits from VPEG3's underlying portfolio to five within the past six months.**

These exits have generated VPEG3 a gross **3.0x multiple of invested capital (MoIC)** and an average gross **annualised return (IRR) of 25.3% p.a. and will provide another** robust distribution to investors in March 2025.

As a result of the distributions now being received from the exits of Compass Education, Flintfox and Medtech, VPEG3 will conduct a distribution to all investors during March 2025 totalling **c.\$0.21 per dollar of committed capital**, further increasing the VPEG3's Distributed to Paid-In (DPI) multiple and annualised return.

OTHER PORTFOLIO ACTIVITY

During the quarter, VPEG3's underlying managers remained focused on executing their value creation strategies. This saw two underlying portfolio companies complete two strategic bolt-on acquisitions.

VPEG3 investee **Next Capital Fund IV** portfolio company **Silverchef** completed the bolt-on acquisition of **Accurate**, a Canadian asset management and refurbishment business to the hospitality sector. This acquisition further expands SilverChef's strategic entry into the Canadian and US markets.

Additionally, **Advent Partners 2** portfolio company, **Imaging Associates Group (IAG)**, completed the bolt-on acquisition of **Balaclava Radiology**, a significant clinic in southeast Melbourne. The acquisition enhances IAG's profitability by increasing its service offerings and patient volumes across its clinic network.

As VPEG3 matures, it is expected that the number of underlying portfolio exits will significantly increase over the next three to six months as private equity managers engage sell side advisors and commence sale processes.

As at 31 December 2024, VPEG3 had completed investments in 50 underlying portfolio companies, with 14 companies sold from the portfolio at quarter end.

MARKET INSIGHTS





MARKET INSIGHTS

The Australian lower to mid-market private equity segment continues to show strong resilience and is well positioned for increased deal activity as we progress through Q1 and into 2025.

At a macro level, 2024 saw a more challenging economic environment driven by modest growth, lingering inflation (fed by high government expenditure) and persistently high interest rates. However, key economic indicators point to more favourable economic conditions in 2025, with core inflation data trending downwards and interest rate relief expected towards the end of this quarter or early next.

Despite geopolitical uncertainty overseas, both Australia and NZ have managed to avoid the rise of populist politics and swings to the far right which have become prevalent in both the US and several European countries. Importantly, Australia runs a trade deficit with the US and is therefore unlikely to be a direct target of Trump's tariffs. While action against China, Australia's largest trading partner, will likely have flow on effects, this is more likely to impact larger, more commodity-linked and export-led businesses that don't sit within Vantage's focus of the lower to mid-market segment.

Recent commentary from M&A market participants suggests a greater convergence on valuation between buyers and sellers. This follows the previous misalignment experienced through most of 2024 which saw prolonged transaction timelines, and in some instances failed sale processes. As such, there remains a large backlog of deals which, with debt markets remaining highly supportive, should see heightened deal activity through the year.

Vantage's managers and their respective portfolio companies are well placed to benefit from these key themes playing out through 2025.

A more stable and positive operating environment should allow for greater conviction in pursuing new growth initiatives to help drive value creation across the portfolio. While from an exit perspective, the prospect of cheaper debt financing, continued interest from both domestic and offshore trade, as well as large buyout funds as they seek to deploy record amounts of capital, should see strong demand for high-quality mid-market businesses.

Vantage's funds and their underlying managers continue to focus on businesses that demonstrate highly defensive characteristics, with proven B2B revenue models, strong customer retention and pricing power.

New investment activity has been focused on the software & IT, healthcare and business services sectors, with very few new retail investments given the challenging consumer backdrop and pull back in discretionary spending.

Overall, 2025 is shaping up to be a strong year for the lower to mid-market segment, across Australia and New Zealand. Improving economic conditions, an increasing pipeline of high-quality opportunities, and greater appetite from both buyer and sellers should see strong growth on what has been a solid December quarter.

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IMPORTANT INFORMATION

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (Vantage) in its capacity as Investment Manager of the Vantage Private Equity Growth 3. It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. It should not be relied upon as personal advice nor is it an offer of any financial product.



VANTAGE ASSET MANAGEMENT

